

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 /018 W
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R 100615Z JUN 75
FM AMEMBASSY ABU DHABI
TO SECSTATE WASHDC 3020
USDOC WASHDC

UNCLAS ABU DHABI 1238

E.O. 11652: NA
TAGS: BTIO, TC
SUBJ: CAR RENTAL AGENCY , OPPORTUNITY FOR HERTZ AND AVIS

REF: ABU DHABI A-25, 5/6/75; A-22, 4/28/75

1. EMBASSY HAS RECENTLY BEEN APPROACHED BY BART PAFF, ECONOMIC ADVISOR TO THE RULER OF SHARJAH, REQUESTING EMBASSY ASSISTANCE IN STIMULATING INTEREST OF EITHER HERTZ OR AVIS IN ESTABLISHING CAR RENTAL AGENCY AT SHARJAH AIRPORT. SECOND INQUIRY ABOUT HERTZ AND AVIS INTEREST IN UAE COMES FROM HUSSAIN SAJWANI, REPUTABLE DUBAI MERCHANT.

2. LOCAL AWARENESS OF LUCRATIVE POTENTIAL CAR RENTAL MARKET STIMULATED BY ENTRY OF NATIONAL CAR RENTAL LOCATED IN NEW DUBAI INTERCONTINENTAL HOTEL WHICH OPENED IN MARCH 1975. HOTEL HAS MADE PROFIT IN FIRST THREE MONTHS OF OPERATION AND NATIONAL HAS BENEFITED ACCORDINGLY. NATIONAL HAS ONLY 30 CARS TO RENT BUT THEY IN CONTINUAL DEMAND. CHARGE FOR TOYOTA OR DATSUN DIRHAMS 80 (ABOUT 20 DOLLARS) FOR 24 HOUR PERIOD PLUS GAS BUT NO MILAGE CHARGE. CHARGE FOR PLYMOUTH AND CHEVROLET AUTOMOBILES IS DIRHAMS 150 (ABOUT 35 DOLLARS). THESE FEES, ESPECIALLY FOR TOYOTA AND DATSUN RENTALS ARE FAR SUPERIOR TO USE OF TAXIS WITHIN DUBAI. USUAL PRACTICE FOR VISITING BUSINESSMEN IS A STEP OUT OF HOTEL AND TAKE WAITING TAXI WHOSE FEES ARE EXORBITANT. HOURLY USE OF HOTEL TAXI IS DIRHAMS 40, WITH NO AIR
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CONDITIONING. MORNING OF BUSINESS CALLS CAN EASILY

COST 40 DOLLARS.

3. PAFF'S INTEREST OF COURSE IS TO STIMULATE THE USE OF SHARJAH AS AN ENTRY/DEPARTURE POINT TO THE UAE, BUT DUBAI APPEARS TO HAVE THE LEADERSHIP POSITION. APPROXIMATELY 243,000 PASSENGERS WERE DISCHARGED AT DUBAI AIRPORT IN 1974, A FIFTY PERCENT INCREASE OVER THE 165,000 IN 1973. IT IS IMPOSSIBLE TO STATE HOW MANY OF THESE ARE VISITORS LIKELY TO USE CAR RENTALS, BUT THE NUMBER MUST BE FULLY LARGE WHEN IT IS REMEMBERED THAT DUBAI'S TOTAL POPULATION, INCLUDING EXPATRIATE LABOR, IS 80,000.

4. PAFF'S REQUEST CAME TO US MF GOVERNMENT TO GOVERNMENT BASIS AND FOR THAT REASON EMBASSY ASKS CAGNE AND OR NEA/ARP INFORM HERTZ AND AVIS OF MARKET POTENTIAL AND INTEREST OF TWO COMPETITORS FOR AGENCY AGREEMENT. OTHER ALTERNATIVES ALSO POSSIBLE SINCE HOLIDAY INN WILL SOON START CONSTRUCTION SHARJAH, INTERCONTINENTAL IN ABU DHABI, FORUM HOTELS (SUBSIDIARY OF INTERCONTINENTAL) IN AJMAN AND OTHER EMIRATES. REQUEST WE BE ADVISED OF HABZZ AND AVIS RESPONSE.

5. WTDR ON HUSSAIN SAJWANI IN PREPARATION.
STERNER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 10 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ABUDH01238
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750201-0986
From: ABU DHABI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750663/aaaacfad.tel
Line Count: 86
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 ABU DHABI A-25, 75 5/6/75, 75 A-22, 75 4/28/75
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 14 FEB 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14 FEB 2003 by PhilliR0>; APPROVED <04 FEB 2004 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CAR RENTAL AGENCY , OPPORTUNITY FOR HERTZ AND AVIS
TAGS: BTIO, TC
To: STATE COM
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006